

Your Ref: Miss Anne Braithwaite
Our Ref: DM 20912285
Enquiries: Simon Thackray
Telephone: +61862827622

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Miss Anne Braithwaite
Senior Policy Analyst
Public Utilities Office, Department of Treasury
Locked Bag 11, Cloisters Square
PERTH WA 6850

PUOsubmissions@treasury.wa.gov.au

Dear Miss Braithwaite

REVIEW OF ENERGY CUSTOMER CONTRACT REGULATIONS

Thank you for the opportunity to provide a submission on the Public Utilities Office's (**PUO**) draft recommendations report on the review of Energy Customer Contract Regulations.

Synergy's response to the draft recommendations report is detailed in attachment 1. Synergy welcomes the opportunity to discuss its comments and recommendations with the PUO. Please contact me in that regard.

Yours sincerely

A handwritten signature in blue ink, appearing to read "S. Thackray", with a stylized flourish at the end.

SIMON THACKRAY
MANAGER REGULATION AND COMPLIANCE



Attachment 1

REVIEW of ENERGY CUSTOMER CONTRACT REGULATIONS Submission in response to PUO's draft recommendations report, 29 May 2109

Documents referred to in this submission: [Energy Coordination \(Customer Contracts\) Regulations 2004](#) (Gas Regulations)
[Electricity Industry \(Customer Contracts\) Regulations 2005](#) (Electricity Regulations)
[Review of Energy Customer Contract Regulations – Issues Paper \(July 2017\)](#) (2017 Issues Paper)
[Review of Energy Customer Contract Regulations Public Utilities Office – 2019 Draft Recommendations Report](#)
[Compendium of Gas Customer Licence Obligations \(ERA\)](#) (Compendium)
[Natural Gas Customer Service Code AG 755-1998](#) (AGA code)
[Code of Conduct for the Supply of Electricity to Small Use Customers 2018](#) (Code of Conduct)

Recommendation	Result of draft recommendation	Synergy's Response
Draft Recommendation 1 – Fixing inconsistencies in terminology Amend the term 'retail supplier' within the Gas Regulations to 'retailer' (without changing the definition of that term) to improve consistency with the Gas Marketing Code and Compendium.	Administrative change	Synergy supports this recommendation
Recommendation 2 – Fixing inconsistencies in terminology Amend the definition of 'Code of Conduct' within the Gas Regulations to refer to the most up-to-date version of the Code. This can be achieved by amending the definition of Code to mean that as defined in section 11ZPL of the Energy Coordination Act 1994.	Administrative change	Synergy supports this recommendation

Forrest Centre, 219 St Georges Terrace, Perth WA 6000.

GPO Box F366, Perth WA 6841 www.synergy.net.au ABN: 58 673 830 106

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 3 – Customer Disconnection and Reconnection</p> <p>Delete regulations 12(6) and (7) of the Gas Regulations. These regulations refer to AGA Code Clauses relating to disconnection and reconnection which largely duplicate provisions of the Compendium.</p>	<p>Sub regulations 12(6) and (7) of the Gas Regulations refer to AGA Code clauses relating to disconnection and reconnection which largely duplicate provisions of the existing Compendium. The PUO's recommendation will remove duplication within the Gas Regulations and AGA Code.</p>	<p>Synergy supports this recommendation</p>
<p>Recommendation 4 – Disconnection for health and safety and planned maintenance</p> <p>That the Public Utilities Office request that the ERA consider inserting a requirement into gas distribution licences for distributors, in so far as is practicable, to:</p> <ul style="list-style-type: none"> • Minimise interruptions for planned maintenance or augmentation of the distribution system • Following an interruption, restore supply as soon as practicable. 	<p>Recommendation 4 is silent on deletion of AGA code references within the Gas Regulations (clauses 5.1.4 and 5.1.5) which was the preliminary recommendation and has recommended amendment of gas distribution licences to reflect the same onus on electricity distributors via the Electricity Industry Network Quality and Reliability of Supply Code 2005, relating to minimizing interruptions and restoration of supply.</p>	<p>Recommendation 4 does not confirm whether the relevant AGA Code references recommended in the 2017 Issues Paper will be deleted from the Gas Regulations. In Synergy's view this should occur irrespective of proposed gas distribution licence amendments.</p> <p>Synergy notes the issues paper does not contemplate whether adequate gas distribution customer protections exist within alternative legislation. Examples include:</p> <ul style="list-style-type: none"> • clause 12 of a gas distribution licence • Gas Standards Act 1972 • Gas Standards (Gas Supply and System Safety) Regulations 2000 • Retail Market Procedures (WA). <p>Unnecessary regulation ultimately leads to higher compliance costs being passed to customers. Accordingly, it is important to test existing laws for adequacy prior to proposing new legislative change.</p>

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 5 – Security Deposits</p> <p>For gas: That the Public Utilities Office request the ERA consider inserting new requirements into the Compendium broadly equivalent to rules 39 to 45 and 112 of the National Energy Retail Rules. If the new requirements are:</p> <ul style="list-style-type: none"> • Inserted into the Compendium, it is recommended that regulations 13 and 37 of the Gas Regulations be deleted • Not inserted into the Compendium, it is recommended that requirements equivalent to rules 39 to 45 and 112 be incorporated into the Gas Regulations instead • For electricity: That the Public Utilities Office request the ERA consider inserting new requirements into the Electricity Customer Code broadly equivalent to rules 39 to 45 and 112 of the National Energy Retail Rules. If the new requirements are: <ul style="list-style-type: none"> - Inserted into the Electricity Customer Code, it is recommended that regulations 12 and 30 of the Electricity Regulations be deleted - Not inserted into the Electricity Customer Code, it is recommended that requirements equivalent to rules 39 to 45 and 112 be 	<p>The PUO determined customer protections in this regard were not strong enough and wishes to adopt security deposit provisions broadly equivalent to the security deposit provisions of the National Energy Retail Rules (NERR).</p> <p>It further determined that the Compendium is where detailed obligations should sit, however if that view is rejected by the ERA, PUO recommended Gas Regulations amendment.</p> <p>By recommending alignment with the NERR, the PUO will place greater onus on a retailer including:</p> <ul style="list-style-type: none"> • A requirement to seek the customer's permission to obtain a credit check and credit history before requiring a security deposit • Removing a retailer's ability to obtain a security deposit during the term of a customer contract for residential customers • Providing specific criteria for when a security deposit may be required • Removing the ability to charge hardship customers a security deposit, even a past hardship customer • A requirement to offer the option of a payment plan prior to requiring a security deposit from a residential customer • Informing the reasons for requiring a security deposit if it is due to unsatisfactory credit history • An inability to refuse to sell energy to a customer if they refuse to pay a security deposit 	<p>Synergy considers the PUO's rationalisation for compendium and electricity customer code changes in line with NERR are not evidence based but based on a perceived need for jurisdictional consistency.</p> <p>Synergy does not charge security deposits. New legislative requirements where there is no evidence of market failure, customer complaints or other indicator that customers are not adequately protected is not best practice.</p> <p>Although Synergy does not consider new security deposit regulation is warranted it is not averse to reviewing the matter as part of the ERA's next scheduled Compendium and Code of Conduct reviews.</p>

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<p>incorporated into the Electricity Regulations instead.</p>	<ul style="list-style-type: none"> • Payment of a security deposit cannot be a pre-condition to contract. <p>With regard to consistency between electricity and gas, the PUO has determined that the customer protections relating to both gas and electricity should be the same and have suggested amendments to the Electricity Customer Code and if not accepted, that new requirements should be inserted into the Electricity Regulations instead.</p>	
<p>Recommendation 6 – Security Deposits</p> <p>That both the Gas Regulations and Electricity Regulations are amended to require that a customer contract must set out:</p> <ul style="list-style-type: none"> • The circumstances in which a retailer may ask the customer to pay a security deposit • How the amount of the security deposit is calculated • The maximum amount that the retail supplier may ask the customer to pay as a security deposit • Under what circumstances the retailer may apply the security deposit against amounts owed by the customer • The circumstances in which a retailer must repay a security deposit. 	<p>Amendments to the gas and Electricity Regulations will require a customer contract to set out all details regarding security deposits.</p> <p>The amendments noted in Recommendation 6 that are proposed in relation to aligning rules regarding security deposits with the NERR include parts which deal with the repayment of the deposit.</p>	<p>The level of detail proposed by the PUO to be included in a customer contract is more suited to a guideline or a procedure rather than a contract especially given a standard contract cannot be approved without Economic Regulation Authority approval.</p> <p>Given Synergy's position that the framework applicable to security deposits should be considered as part of the respective Compendium and Code of Conduct reviews (refer item 5 above), Synergy considers recommendation 6 matters should similarly be reviewed under those mechanisms.</p>

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 7 – Notice of Tariffs and Tariff Variations</p> <p>For gas: Delete regulations 14(3) and (4) of the Gas Regulations and replace with a requirement that a customer contract must describe how the retailer will publish its tariffs and how it will give notice of any variations to those tariffs.</p> <p>For electricity: Amend regulation 13 of the Electricity Regulations to include a requirement that the customer contract describes how the retailer will publish its tariffs and how it will give notice of any variations to those tariffs</p>	<p>Clause 14(3) and (4) of the AGA code relate to the requirement of retailers to give notice to customers of tariffs and variations in tariffs in publications noted, and in the customers next bill. These were recommended for deletion in the first PUO Issues Paper as they are repeated in clause 10.1 of the compendium.</p> <p>These AGA references will be deleted, however PUO extended the prelim. recommendation and now considers the customer contract should contain information describing how the retailer will publish its tariffs and how it will give notice of any variations to those tariffs.</p> <p>PUO states this will have the benefit of clarifying that the customer contract does not need to contain the tariff rate itself, just a description of the fees and charges payable and how and where those fees and charges will be published.</p> <p>For consistency with electricity, Regulation 13 will be amended to reflect these changes in gas.</p>	<p>Synergy considers recommendation 7 represents an unnecessary retailer impost on the basis:</p> <ul style="list-style-type: none"> • Clause 10.1 of the Code of Conduct adequately provides tariff information disclosure • The absence of customer complaints (including energy ombudsman complaints) on the matter of tariff information disclosure and standard form contract adequacy indicate current arrangements are working • It creates an unnecessary regulatory burden to amend a standard form contract if the form to publish and the mechanism to notify tariff variations are specified in the contract and those mechanisms subsequently change. (This is a high probability given the rapid change in communication technology) • Regulation 13 of the Electricity Regulations is sufficient to safeguard customers' interests regarding tariff information and publication • Western Australian retailers already have a commercial incentive irrespective of regulation to provide clear and concise retail tariff information to customers. Failure to do results in additional retail cost to serve or churn if customers consider existing tariff information does not meet their needs.

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 8 – Notice of Tariffs and Tariff Variations</p> <p>Include a requirement in the Gas Regulations and Electricity Regulations, similar to Rule 48A of the National Energy Retail Rules, whereby retailers are to notify customers, in writing, no earlier than 40 business days and no later than 20 business days before the end of benefits provided under the initial portion of an ongoing contract, that the benefits are due to expire and include detail of the options for supply that are available to the customer after the expiry of the benefit.</p>	<p>The PUO suggests changing gas and Electricity Regulations to be similar to NERR – specifically in relation to the ending of incentives and temporary benefits and will require retailers to amend processes to monitor and automate these processes.</p>	<p>Synergy considers recommendation 8 will require retailers to implement costly system changes, for benefits that are offered at the retailer's discretion, thereby possibly reducing the very incentives it is set to govern. In the NERR jurisdictions such regulation may be relevant, however in the WA market, particularly in relation to Synergy, such incentives are not often offered and a large investment to achieve compliance with this obligation is not warranted considering the small number of people affected.</p> <p>Provided information is adequately disclosed up front (as required by the Australian consumer Law) in terms of transaction benefits there should not be the need for a second contact to provide information that has already been disclosed to customers. As market failure in this area is not evidenced in WA new regulation is not warranted.</p>
<p>Recommendation 9 – Billing</p> <p>Delete all the text from regulation 15 of the Gas Regulations and replace with a requirement that the customer contract must describe the procedures to be followed by the retailer in relation to the preparation, issue and review of a customer's bills.</p>	<p>Regulation 15 refers to AGA Code clauses relating to billing which are duplicated in the compendium.</p>	<p>Synergy supports this recommendation</p>
<p>Recommendation 10 – Payment Difficulties</p> <p>Delete regulation 20(2) of the Gas Regulations.</p>	<p>The requirements under the AGA Code are largely equivalent to those under clauses 6.7 and 6.8 of the compendium, with Part 6 also providing additional protections to customers experiencing payment difficulties or financial hardship. Sub Regulation 20(1) also provides for information in a customer contracting regarding difficulty with bill payment.</p>	<p>Synergy supports this recommendation</p>

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<p>Recommendation 11 – Dispute Resolution Delete all the text from regulation 21 of the Gas Regulations and replace with a requirement that customer contracts must describe the procedures to be followed by the retailer in responding to a complaint made by the customer. This regulation would replicate regulation 18 of the Electricity Regulations</p>	<p>Regulation 21 of the Gas Regulations references clauses 2.5.1 and 2.5.2 of the AGA Code which place obligations on a retailer regarding its complaints handling process. Prelim. Rec was to delete these references to the AGA code and replace with a general requirement that customer contracts must describe the procedures to be followed by the retailer when responding to a customer complaint, in line with Electricity Regulations.</p>	<p>Synergy supports this recommendation</p>
<p>Recommendation 12 – Retailer's obligations in relation to supply Delete regulation 28(2) of the Gas Regulations</p>	<p>Sub regulation 28(2) of the Gas Regulations references clauses 3.1.1, 3.1.2 and 3.1.3 of the AGA Code relate to a retailer's obligations regarding the supply of gas, specifically to that supplied under a standard form contract. This section of the AGA Code requires a retailer or distributor to provide install and maintain equipment for supply of gas to the point of supply and metering equipment at the supply address.</p> <ul style="list-style-type: none"> • The Preliminary Recommendation from the PUO was to delete references to 3.1.1 of the AGA Code from the regulations with the rationalise that existing reg instruments contain equivalent obligations (i.e. retail market procedures) • 3.1.2 of the AGA Code references existing connections and the same rationalise for deletion was provided based on regulation existing in other instruments. 	<p>Synergy supports this recommendation</p>

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<p>Recommendation 13 – That the Public Utilities Office request that the ERA consider inserting a requirement into gas distribution licences for distributors to make supply available at new connections within 20 business days, subject to:</p> <ul style="list-style-type: none"> • Adequate supply being available at required volume and pressure at the boundary of a new supply address • The natural gas installation at the supply address complying with regulatory requirements • The customer providing necessary safe, convenient and unhindered access to the supply address. 	<p>Clause 3.1.3 of the AGA Code references the requirement that the retailer and distributor use best endeavours to supply a new address at a date agreed or otherwise within 20 business days, subject to certain conditions. The Preliminary recommendation was to delete clause 3.1.1 and request a new insert to the compendium (or the gas distribution licences) that necessitate distributors to make supply available at new connections within 20 business days, with a number of 'subject to' qualifications.</p> <p>PUO examined but discounted need to include extra requirements as per that in Electricity Industry (obligation to connect) regulations and doesn't support incorporating any optional distributor requirements into the GDLs unless stakeholder feedback indicates otherwise.</p>	<p>Synergy supports this recommendation</p>
<p>Recommendation 14 – Access to Supply Address</p> <p>Delete regulation 33(3) of the Gas Regulations</p>	<p>Section 46(11) of the Energy Operators (Powers) Act 1979 contains requirements for an energy operator to give notice of its intention to enter onto land, while section 48 gives entry rights to the energy operator in an emergency. The EOPA also requires an energy operator's representative to produce evidence of their appointment and the authority under which it claims right of entry - the PUO notes this requirement is less clear than the AGA Code references.</p> <p>Sub regulation 33(3) of the Gas Regulations references clause 3.5.2 of the AGA Code which references a retailer or a distributor's obligations when seeking access to a supply address and require</p>	<p>Synergy supports this recommendation</p>

Recommendation	Result of draft recommendation	Synergy's Response
	prior notice and references the need for identification when seeking access to a supply address.	
<p>Recommendation 15 – Customer leaving Supply address</p> <p>Delete regulation 35(2) of the Gas Regulations.</p>	<p>Sub Regulation 35(2) of the Gas Regulations references clause 4.3.10 of the AGA Code that states that a customer contract may require the customer to give the retailer at least 3 business days' notice prior to vacating and a forwarding address for the final bill.</p> <p>The preliminary recommendation was to delete the reference to clause 4.3.10 of the AGA code from the Gas Regulations regulation 35(2) as this clause is largely the same as clause 5.7 of the compendium. This is the final recommendation also.</p>	Synergy supports this recommendation
<p>Recommendation 16 – Unsolicited consumer agreements</p> <p>Delete regulation 27 of the Gas Regulations and regulation 22 of the Electricity Regulations.</p>	<p>Electricity regulation 22 and regulation 27 of the Gas Regulations provide for a cooling off period for standard contracts entered because of door-to-door sales. The PUO asserted that part 3.2 of the Australian Consumer Law (ACL) contains more comprehensive customer protections in the above regard.</p>	Synergy supports this recommendation
<p>Recommendation 17 – Cooling off periods – non-standard contracts</p> <p>Amend the cooling off period in regulation 40(2) of the Gas Regulations and regulation 32(2) of the Electricity Regulations to 10 'business' days. This aligns with the cooling-off period for unsolicited consumer agreements under the ACL.</p>	<p>The PUO appears to only have considered regulation 40 and 32 of the Electricity Regulations which specify cooling off periods for non-standard contracts (which are overlapped by part 3-2, Division 2 of the ACL).</p> <p>The ACL has a 10 business day cooling off period for non-solicited contracts, whereas Reg 40 and regulation 32(2) of the electricity and Gas Regulations respectively have a 10 day cooling off period, for</p>	<p>Synergy does not support this recommendation.</p> <p>Synergy considers PUO's decision to amend existing regulations rather than remove them due to overlap with ACL is not warranted. If the ACCC considers other non-solicited contracts to which the ACL applies are afforded enough protection by the ACL provisions, then if the PUO wishes gas and electricity contracts to receive extra protections in relation to solicited contracts, it should</p>

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	<p>solicited and unsolicited contracts. As such the PUO considered there is some partial overlap and therefore recommends amendment of Regulation 40 of the Gas Regulations and regulation 32(2)</p>	<p>provide evidence as to why additional protections are warranted. For example, Synergy is not aware of small use customer energy supply problems in relation to cooling off periods.</p> <p>Synergy is of the view that action to mandate cooling off periods for solicited contracts under the electricity and Gas Regulations is contrary to the intent of the ACL which requires consumer protection in terms of cooling off, when the contract is unsolicited.</p> <p>Synergy considers the ACL, as the principal consumer protection law in Australia, is a single, national law, which applies in the same way nationally and in each State and Territory. Under the ACL, consumers have the same protections and expectations about business conduct wherever they are in Australia. Similarly, under the ACL businesses have the same obligations and responsibilities wherever they operate in Australia.</p> <p>Synergy notes the Inter Government Agreement for the ACL provides that, after the ACL was enacted, all jurisdictions will repeal, amend or modify any legislation that is inconsistent with or alters the effect of the ACL. This was to be done as part of an ongoing process by jurisdiction when reviewing existing legislation and introducing new legislation. Synergy considers the current review of the Gas Regulations and Electricity Regulations is the opportunity to ensure that the regulations are consistent with the ACL.</p>

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<p>Recommendation 18 – Amending Contracts</p> <p>Amend regulation 17(1) of the Gas Regulations and regulation 16(1) of the Electricity Regulations to require that:</p> <ul style="list-style-type: none"> • A standard form contract informs the customer that the provisions of the contract may be amended without the customer's consent • A non-standard contract informs the customer that the provisions of the contract may be amended without the customer's consent to the extent that the amendment is required to maintain consistency with applicable legislation or regulation. 	<p>Regulation 17(1) of the Gas Regulations and 16(1) of the Electricity Regulations require that a customer contract inform the customer that the provisions of the contract may be amended without the customer's consent.</p> <p>Regulation 18(2) of the Gas Regulations and 17(2) of the Electricity Regulations require that a customer contract set out the circumstances in which the customers rights and obligations under the contract may be assigned without customer consent. The recommendation is an amendment to allow</p> <p>The PUO has determined that as standard form contracts are subject to approval by the ERA, it is acceptable that they be amended without the customers consent so although the relevant regulations appear to go against the ACL, this is acceptable under the limitation of application of the unfair contracts provision. Regarding non-standard contracts, the PUO has determined that amendment only be allowed to reflect changes to the compendium or Gas Regulations, without obtaining customer consent.</p> <p>Regarding regulations 18(2) and 17(2), the PUO believes no change is required as customer contracts can only be assigned to another licensed retailer and this regulation already requires the customer contract to set out the circumstances in which assignment can occur without consent.</p>	<p>Although the changes proposed result in greater regulatory oversight, they will bring WA regulation in line with ACL provisions. Therefore Synergy supports this recommendation.</p>

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 19 – Components of the gas supply charge</p> <p>Amend regulation 14(2)(c) of the Gas Regulations to ensure that the supply charge includes a fixed component and a usage component, unless agreed otherwise by the retailer and the customer.</p>	<p>Alinta Energy suggested a review of regulation 14(2)(c) of the Gas Regulations which refers to a supply charge with a fixed component and a usage component related to the quantity of gas consumer by the customer. Alinta submitted that this inflexible structure restricts gas retailers developing and offering a wider range of retail products.</p> <p>Alinta suggested that an amendment of regulation 14 (2) (c) to ensure that the supply charge includes a fixed component and a usage component unless otherwise agreed by the retailer and the customer, which will allow retailers the option of basing a customer's consumption of gas on a method agreed to by the retailer and the customer.</p>	<p>Synergy supports this recommendation</p>
<p>Recommendation 20 – Gas Customer service charter</p> <p>Delete Regulation 45 and regulation 19(a) from the Gas Regulations.</p>	<p>The suggestion was to amend Gas Regulation 45 to remove the requirement for a retailer to develop a customer service charter, noting that the ERA removed the requirement for a retailer to develop a customer service charter from gas trading licences in 2010. The PUO agreed that Regulation 45 is out of date and should be removed.</p> <p>The PUO further considers that Sub Reg 19(a) of the Gas Regulations which requires a retailer to make a physical copy of the retailer's customer service charter available to a customer on request, should be removed.</p>	<p>Synergy supports this recommendation.</p>

Recommendation	Result of draft recommendation	Synergy's Response
<p>Recommendation 21 – Electricity supply under a deemed standard form contract and obligation to offer supply under a standard form contract</p> <p>Extend the requirement in regulation 40 of the Electricity Regulations to supply electricity under a standard form contract to a customer who requests supply from retailers other than Synergy and Horizon Power.</p> <ul style="list-style-type: none"> • For existing connections, the obligation would fall on the default supplier identified under regulation 36 of the Electricity Regulations • For new connections, the obligation would continue to fall on Synergy for areas within the South West Interconnected System and on Horizon Power for other areas of the State. 	<p>PUO considers the obligation to supply is an important protection for small use customers and should remain, and therefore agrees that the obligation should be extended to all retailers, using wording in line with NERL which requires a designated retailer to make offers to customers on the retailer's standard form contract.</p> <p>The PUO points out that for new connections, Synergy would be the designated retailer within the SWIS and Horizon will be the designated retailer for other areas in the State.</p>	<p>Synergy supports this recommendation.</p>
<p>Recommendation 22 – Limitations on obligation to offer supply of electricity under a standard form contract</p> <p>Amend regulation 40 of the Electricity Regulations to permit a retailer to require a customer to provide acceptable identification as a pre-condition of forming a standard form contract with the retailer.</p>	<p>The PUO acknowledged the financial risk resulting from the obligation to offer supply however looked to the NER Rules where a retailer is obliged to make a standing offer and may require acceptable identification from a customer as a pre-condition to make a contract, however the payment of a security deposit is not a pre-condition to forming a standard retail contract.</p> <p>As such the PUO in aligning its policy with NERR has stated it will reflect NERR rules and recommended an amendment to Electricity Regulation 40 to require</p>	<p>Refer recommendation 5.</p> <p>In the event Synergy is not able to require a security deposit at the time a standard form contract is entered into, it is financially exposed in situations where:</p> <ul style="list-style-type: none"> • A customer owes an existing debt. In this situation it is a better customer outcome for a security deposit to be requested opposed to supply being refused • A particular supply address has a history of payment default. Unfortunately, it is a common situation that a customer will close their account with a large debt,

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	<p>that acceptable identification can be a pre-condition of forming a standard form contract. A security deposit will not be a precondition.</p>	<p>remain at the premises only for another person at the premises to immediately establish a new account in a new name. This scenario can be repeated multiple times depending on the number of tenants in a premises. Security deposits will stop this practice.</p> <p>Synergy supports the recommendation in relation to customer provision of acceptable identification as a pre-condition to form a contract with a retailer, however requests the PUO revisit the ability of retailers to require security deposits as a pre-condition to forming a standard form contract.</p> <p>Removing the ability for retailers to manage the financial risk of customer payment default by not permitting a security deposit to be requested at the time a contract is entered into is not in the long-term interests of consumers as it will limit retail market entry or push electricity costs higher as retailers seek alternative ways to manage payment default risk.</p>
<p>Recommendation 23 – Confidential customer information</p> <p>Amend regulation 22 of the Gas Regulations and regulation 19 of the Electricity Regulations to set out that the customer contract meets the requirements of this regulation if the contract specifies:</p> <ul style="list-style-type: none"> • That the retailer's privacy policy sets out the steps that are to be taken by the retailer to ensure that information that it holds about a customer is dealt with in a confidential manner; and 	<p>The POU noted that Reg 22 of the Gas Regulations and Reg 19 of the Electricity Regulations may require duplication between a retailer's privacy policy and the customer contract. The regulations require a customer contract to 'specify' the steps that are to be taken by the retailer to ensure that information held by it about the customer is dealt with in a confidential manner, with the wording implying that the customer contract must describe the measures the retailer will have to take to ensure customer info. is kept confidential, including software used to keep information, password use etc.</p>	<p>Synergy supports this recommendation</p>

Recommendation	Result of draft recommendation	Synergy's Response
<ul style="list-style-type: none"> How the customer can obtain a copy of the retailer's privacy policy free of charge 	<p>PUO believes the info should be contained in a retailer's privacy policy and not a customer contract. The PUO recommends that the regulations be clarified to permit the customer contract to refer to the retailer's privacy policy, providing the contract confirms how the customer may obtain the privacy policy free of charge.</p>	

Additional matters

Matter under review where no recommendation made	Comment	PUO's response	Synergy's response
<p>1 – Electricity supply under a deemed standard form contract</p>	<p>Synergy requested changes to regulation 37 of the Electricity Regulations that deal with supply with when electricity supply is deemed to be taken under a standard form contract. Synergy noted the current regulations do not provide for the situation where an active connection point exists, but consumption does not occur (connected but de energized property). In these situations, the retailer is liable to pay the network operators supply charges but can't recover them under the deemed contract provisions. Synergy suggested changes to this regulation to allow recovery of charges from vacant sites.</p>	<p>PUO determined that Synergy has some exposure from unrecoverable or difficult to recover supply charges associated with vacant premises, however determined that:</p> <ul style="list-style-type: none"> - Synergy can recover such losses under the regulated tariff - The exposure is small, being limited to the contestable small use customer market as these are not covered by the regulated tariff - Such costs could be considered as an underlying cost of a retailer's business and predicted as part of the budget cycle, particularly in the contestable space - Retailers also have the option to remove the meter, although at their cost - Any change to expand a customers' financial liability to situations where a customer can take a supply transfers the financial risk associated with vacant premises from the retailer to contestable small use customers, with such risk transfer deemed inappropriate. <p>The submission was not supported by the PUO.</p>	<p>Synergy notes it can only recover supply charges from vacant sites to the extent permitted by the state government via regulated tariffs. In the event this is permitted Synergy also notes a cross subsidy will be established between property owners who do not have a supply contract and all customers who do have a supply contract. This will result in unintended consequences whereby payment difficulty and financial hardship residential customers are subsidising property owners who choose to leave their premises vacant and not enter into a contract. Synergy does not consider this outcome to be in the long-term interests of consumers.</p>

Matter under review where no recommendation made	Comment	PUO's response	Synergy's response
<p>2 – Electricity retailer contracting with multiple parties</p>	<p>Synergy noted that the Electricity Regulations do not explicitly permit a retailer to contract with multiple parties, therefore allowing abuse of the obligation to connect in situations where multiple persons residing at the same property enter into individual electricity contracts and terminate without paying. The premises cannot be disconnected for non-payment and Synergy suggested the ability to enter into joint and several contracts would assist to mitigate this risk.</p>	<p>The PUO determined that:</p> <ul style="list-style-type: none"> - Not the norm within Australia for electricity to be supplied under joint contracts - There are risks to consumers under such an arrangement as each consumer in a joint contract would be accepting liability for the electricity consumption of all others on the contract - Those with intent to game the system would not choose to enter into a joint contract so the problem would remain - Retailers already have other means to seek repayment of arrears including disconnection, instalment plans or debt collection proceedings - Need not demonstrated to amend regulations to allow for joint contracting or that this would resolve the problem of successive residents accruing debt. <p>The submission was not supported by the PUO.</p>	<p>Synergy considers the PUO may have approached this issue from the perspective of a retailer seeking to compel customers to enter multiple party contracts with the retailer. Synergy's intent was to provide customers with choice, not mandate the requirement.</p> <p>Joint contracts would assist customers to:</p> <ul style="list-style-type: none"> • avoid having to nominate authorised contacts on the account • limit financial risk to those in joint tenancy situations otherwise it will require one customer to bear the financial risk of their co-tenants' electricity use for example, student or shared accommodation • not require new contracts to be entered in a deceased estate situation. <p>It is also important to note consumers are freely able to jointly contract under Australian law.</p>